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Message Text

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TAGS: PFOR, EGEN, EFIN, PL, US

SUBJECT: US-POLISH FINANCIAL CONSULTATION
REF: STATE 128593

1. SUMMARY: DAS LUERS AND POLISH AMBASSADOR SPASOWSKI MET FOR A WIDE-RANGING DISCUSSION OVER LUNCH MAY 30. THIS CABLE REPORTS COMMENTS EXCHANGED ABOUT WAYS THE U.S. AND POLAND MIGHT CONTINUE THEIR FINANCIAL CONSULTATIONS. END SUMMARY.

2. SPASOWSKI SAID HE HAD TAKEN NOTE OF WHAT LUERS HAD TOLD PRUCHNIEWICZ MAY 16 (REFTEL) CONCERNING POLAND'S DESIRE TO RESCHEDULE CCC CREDITS AND HE UNDERSTANDS
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OUR VIEWPOINT. NEVERTHELESS, SPASOWSKI SAID HE WAS NOT SURPRISED THAT PRUCHNIEWICZ HAD RAISED THE QUESTION AGAIN. SPASOWSKI SAID HE IS ENOUGH AWARE OF OUR POLICY TO REALIZE THAT IMPROVED CCC CREDIT TERMS AND CCC RESCHEDULING IS A DEAD ISSUE FOR NOW AND MUST BE PURSUED BY POLAND IN ANOTHER WAY. SPECIFICALLY, SPASOWSKI SAID HE UNDERSTANDS THAT IF POLAND WANTS TO DEAL BILATERALLY

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WITH US ON ITS FINANCIAL PROBLEMS, IT MUST FIND A MORE ORDERLY WAY. SPASOWSKI SAID HE PLANS TO DISCUSS THIS

QUESTION WITH HIS GOVERNMENT WHEN HE RETURNS FOR CONSULTATIONS IN EARLY JUNE. HE WOULD FOCUS HIS DISCUSSIONS IN WARSAW ON WHAT POLAND MIGHT PROPOSE TO US AS A MEANS OF REGULARIZING OUR BILATERAL DISCUSSIONS ABOUT CREDIT AND FINANCIAL MATTERS. SPASOWSKI ADDED HE BELIEVES THE JOINT TRADE COMMISSION MECHANISM IS NOT THE CORRECT BODY TO DEAL WITH THIS ISSUE. RATHER, IT SHOULD BE HANDLED ON A CONFIDENTIAL BASIS WITH THE TREASURY DEPARTMENT AND WITH UNDER SECRETARY COOPER.

3. TO SPASOWSKI'S QUESTION, LUERS SAID THAT CONSULTATIONS ON MONETARY MATTERS PROBABLY SHOULD BE DONE HERE IN WASHINGTON. SPASOWSKI SAID HE ALREADY HAS SEVERAL IDEAS FOR THIS. FIRST, HE MENTIONED PERIODIC, CONFIDENTIAL VISITS LASTING ONE TO TWO DAYS BY KEY MINISTERS OR HIGH-LEVEL FINANCIAL EXPERTS TO CONSULT WITH THEIR AMERICAN COUNTERPARTS (SUCH AS KISIEL'S VISIT HERE IN DECEMBER). SECOND, HE MENTIONED THE POSSIBILITY OF STATIONING A FINANCE MINISTRY OFFICIAL HERE AT THE POLISH EMBASSY WORKING DIRECTLY WITH SPASOWSKI WHO COULD CONDUCT SUCH CONSULTATIONS ON A MORE REGULAR BASIS.

4. LUERS DESCRIBED CANDIDLY VARIOUS VIEWPOINTS IN CONFIDENTIAL

WASHINGTON. HE SAID THERE IS ONE VIEW THAT HOLDS THAT, BECAUSE THE U.S. HAS ONLY A SMALL SHARE OF POLAND'S DEBT, POLAND'S FINANCIAL SITUATION IS PRIMARILY A PROBLEM FOR THE WEST EUROPEAN GOVERNMENTS, AND THE SOVIET UNION. FROM A MONETARY VIEW, THIS VIEW SUGGESTS THAT THE U.S. ROLE SHOULD BE ONLY A MINOR ONE AND THE U.S. SHOULD NOT TAKE ON POLAND'S BURDENS. ON THE OTHER HAND, THERE IS A VIEW WHICH EMPHASIZES THE POLITICAL RELATIONSHIP. IN THIS VIEW, US POLITICAL INTERESTS IN RELATIONS WITH POLAND ARE DISPROPORTIONATE TO THE SHARE OF THE DEBT WE HOLD, AND WE NEED TO WORK CLOSELY WITH POLAND TO MANAGE THE DEBT, BUT PRIMARILY OUT OF OUR POLITICAL INTERESTS. FINALLY, LUERS SAID THERE IS THE INTELLECTUAL APPROACH WHICH HOLDS THAT POLAND PRESENTS AN INTERESTING NEW CASE IN M'LTILATERAL DEBT MANAGEMENT THAT REQUIRES CREATIVITY AND INNOVATION ON BOTH SIDES AND WHICH COULD SERVE AS A PRECEDENT FOR USEFUL APPLICATION ELSEWHERE. LUERS SAID THAT WHICHEVER VIEW IS DOMINANT, IT WOULD APPEAR THAT U.S.-POLISH RELATIONS ARE SUFFICIENTLY CLOSE TO EXAMINE MORE CAREFULLY HOW BEST TO ORGANIZE AND REGULARIZE OUR DISCUSSIONS OF THESE ISSUES. SPASOWSKI EMPHASIZED HIS OWN PERSONAL INTEREST IN THIS

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PROBLEM AND SAID THAT HE WANTS TO DISCUSS THE MATTER
INFORMALLY WHEN HE RETURNS TO WARSAW. VANCE

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